

Education and Workforce Development Cabinet

Kentucky's jobless rate increases to 8.5 percent in July 2013

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Editor's Note: Preliminary July and revised June labor market information are included in this release.

FRANKFORT, Ky. (Aug. 15, 2013) — Kentucky's seasonally adjusted preliminary unemployment rate rose to 8.5 percent in July from 8.4 percent in June 2013, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary July 2013 jobless rate was .1 percentage points above the 8.4 percent rate recorded for the state in July 2012.

The U.S. seasonally adjusted jobless rate dropped to 7.4 percent in July 2013 from 7.6 percent in June 2013, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In July 2013, Kentucky's civilian labor force was 2,088,479, a decrease of 8,799 individuals compared to the previous month. Employment dropped by 10,708, while the number of unemployed people rose by 1,909.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment rose by 9,500 jobs to 1,846,200 in July 2013 from the previous month. On an over-the-year basis, the state's nonfarm employment has added 18,900 jobs.

"The two surveys usually move in the same direction, but sometimes, as it happened in July, the numbers diverge. It's important to remember that the surveys are measuring different aspects of the labor market. The population survey estimates the number of people working or not working while the business survey assesses the number of jobs. Sometimes people have more than one job, so that may explain part of the difference," said economist Manoj Shanker of the OET.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, seven of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while two declined and two stayed the same this month.

Kentucky's trade, transportation and utilities sector gained 2,600 jobs in July 2013. This is the largest sector in Kentucky with 378,800 positions, and accounts for about 20 percent of nonfarm employment. Since July 2012, jobs in this sector have jumped by 9,000.

"Employment in both retail trade and the warehousing sector showed gains in response to pent-up consumer demand," said Shanker.

The construction sector increased by 2,500 positions in July 2013 from a month ago. Since July 2012, employment in construction has dropped by 600 jobs.

"Construction employment has declined in seven of the last 12 months," said Shanker. "Nationally, new-home sales have surged spurring construction. But Kentucky hasn't seen the same growth in new homes, though existing home sales have increased in response to low mortgage rates."

The educational and health services sector added 2,300 positions in July 2013. The sector has posted an increase of 1,000 jobs since July 2012.

The financial activities sector gained 1,500 jobs in July 2013. Compared to July a year ago, businesses involved in finance, insurance, real estate and property leasing have increased by 2,800 jobs.

"Almost all of the growth has been in the finance and insurance market," Shanker said. "Homeowners have rushed to refinance before mortgage rates go up."

The state's manufacturing sector grew by 1,500 positions in July 2013. Since July 2012, employment in manufacturing has fallen by 1,400 jobs.

"Typically, manufacturing, especially in durable goods industries, recovers slowly because of the capital needed to jumpstart this sector. However, during this recovery nondurable goods manufacturing has lost momentum at times, especially in areas like plastics and chemicals," said Shanker.

Kentucky's leisure and hospitality sector posted a gain of 1,400 jobs in July 2013. Since July 2012, the sector has grown by 12,000 positions or nearly 7 percent. This sector includes arts, entertainment, recreation, accommodation and food services.

"Employment in hotels and restaurants has remained firm in response to consumer confidence and increased spending," said Shanker.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, rose by 200 positions in July 2013. Compared to a year ago, there has been a loss of 2,300 jobs.

The information sector remained flat in July 2013. This segment has declined by 1,800 positions since June 2012. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Employment in the mining and logging sector was unchanged from June 2013 to July 2013. The number of jobs in this sector has dropped by 2,100 since last July.

The state's professional and business services sector lost 900 jobs in July 2013. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last July, jobs in the sector have increased by 2,700.

The government sector, which includes public education, public administration agencies and state-owned hospitals, decreased by 1,600 jobs in July 2013. The sector had 400 fewer jobs compared to July 2012.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.